

State of Alaska

Office of Management and Budget

Senate Judiciary Committee

SJR 5: Constitutional Spending Limit

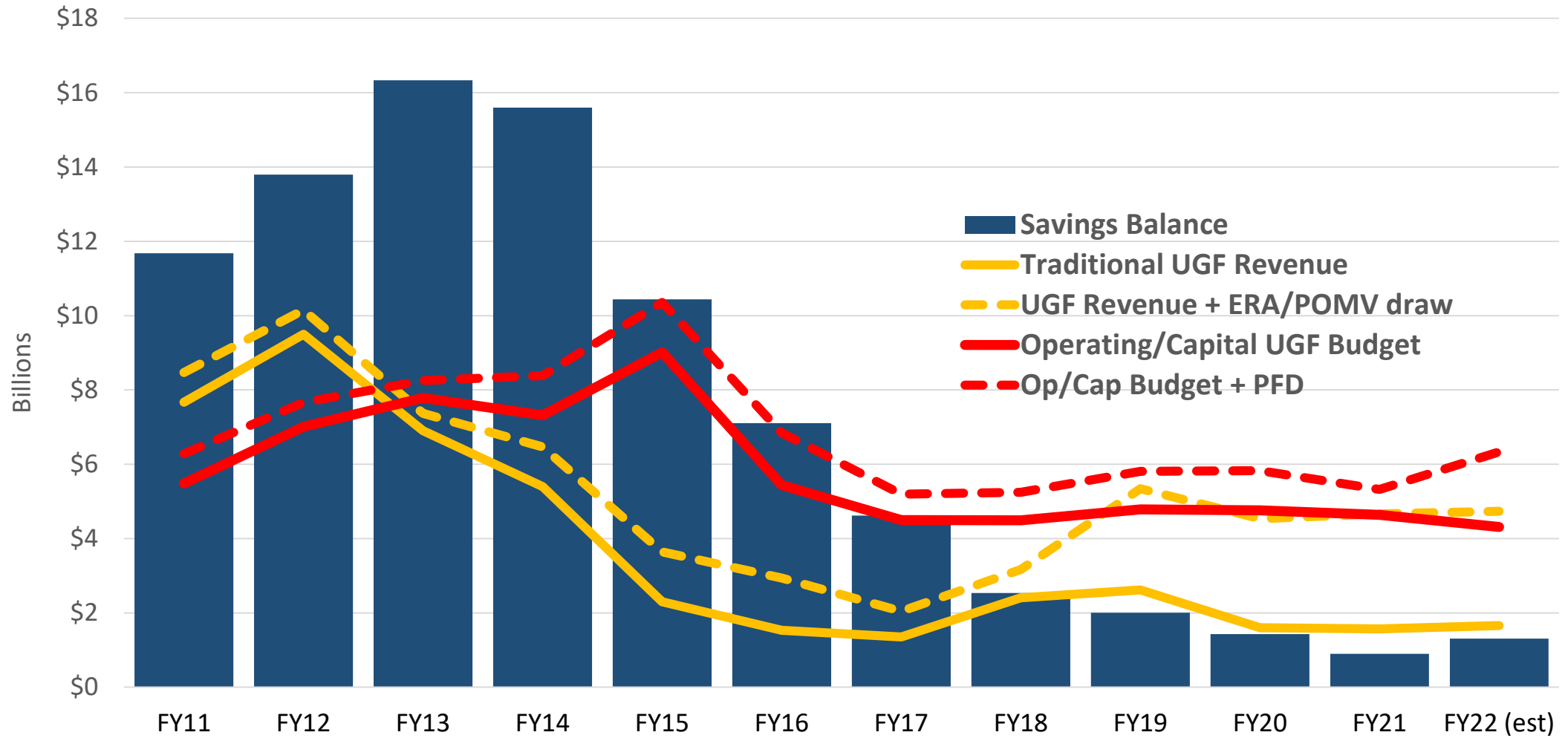
April 28th, 2021

Neil Steinger, Director
Caroline Schultz, Policy Analyst



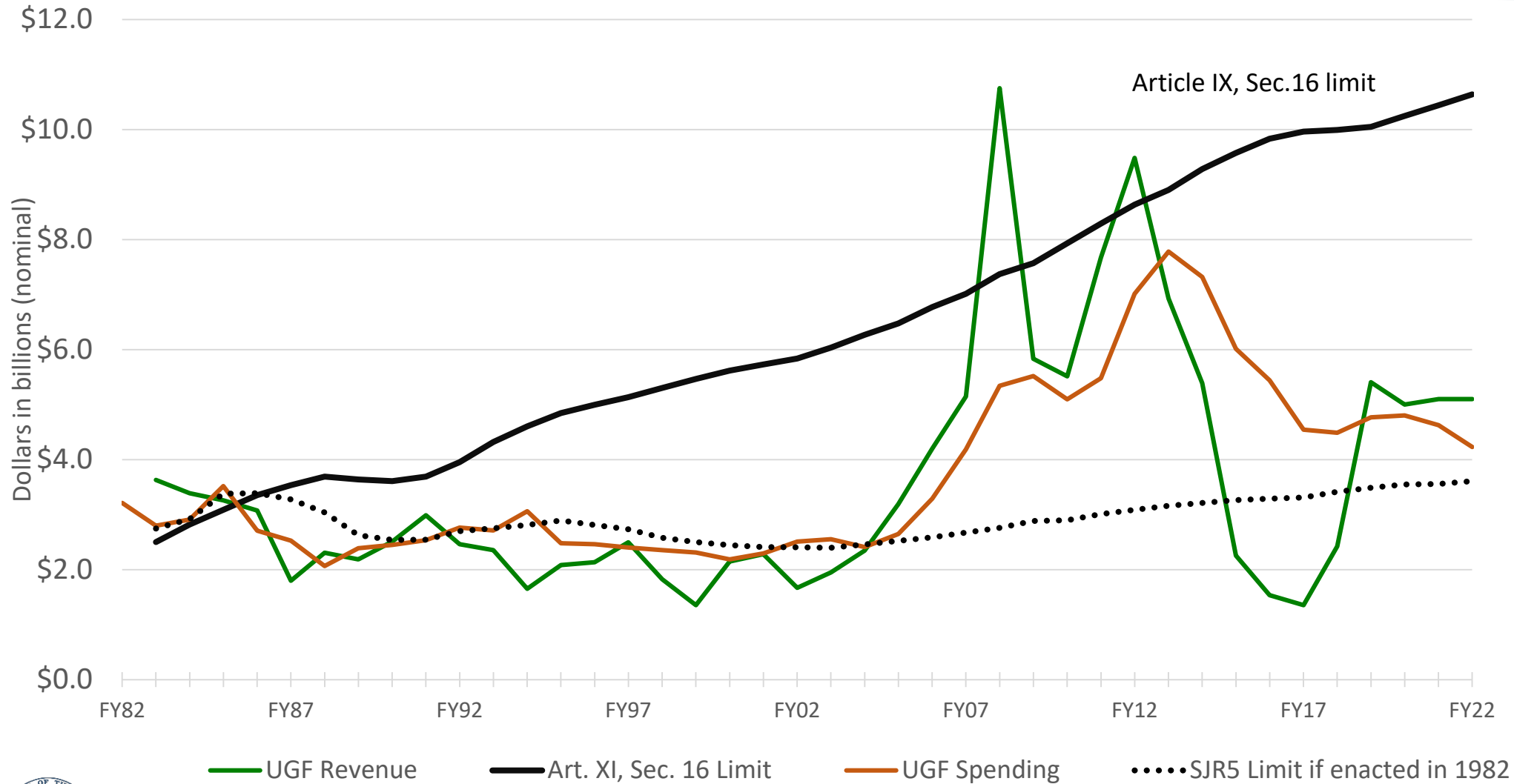
Office of Governor
MIKE DUNLEAVY

Historical Savings Balances



Over \$16 Billion in budget reserves have been spent

Current Limit: Article XI, Section 16



SJR 5 Constitutional Appropriation Limit

SJR 5 amends article 9, section 16 of the Alaska Constitution:

Fixing the calculation to limit spending

- May not exceed prior three-year average by more than the greater of inflation or population growth

Clarifies definition of appropriations subject to cap

- Includes appropriations of state funds (UGF, DGF)
- Excludes the following appropriations:
 - PFD
 - Bond proceeds and debt service costs
 - Deposits to state savings accounts
 - Disaster response
 - Non-state funds for a specific purpose

SJR 5 Constitutional Appropriation Limit

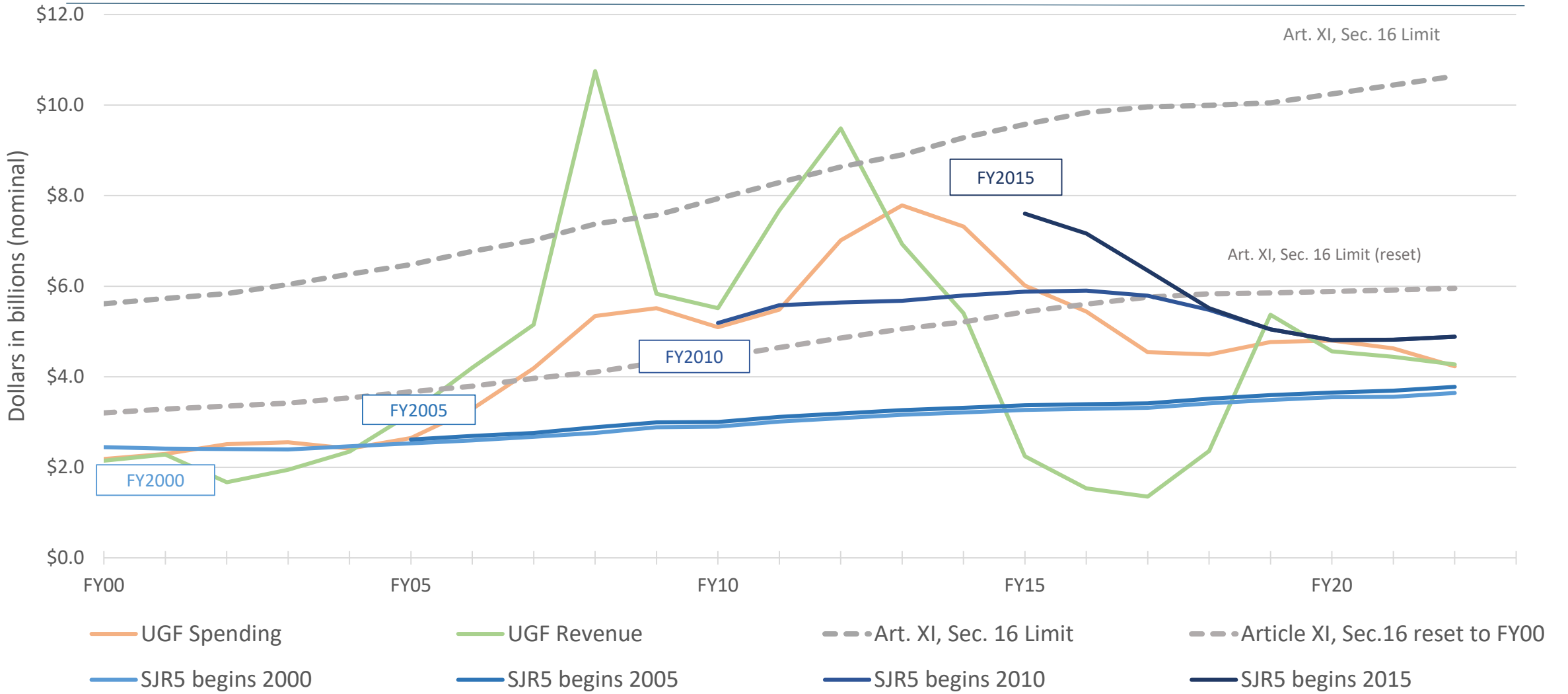
SJR 5 amends article 9, section 17 of the Alaska Constitution:

Amends budget reserve fund (CBR) access provisions

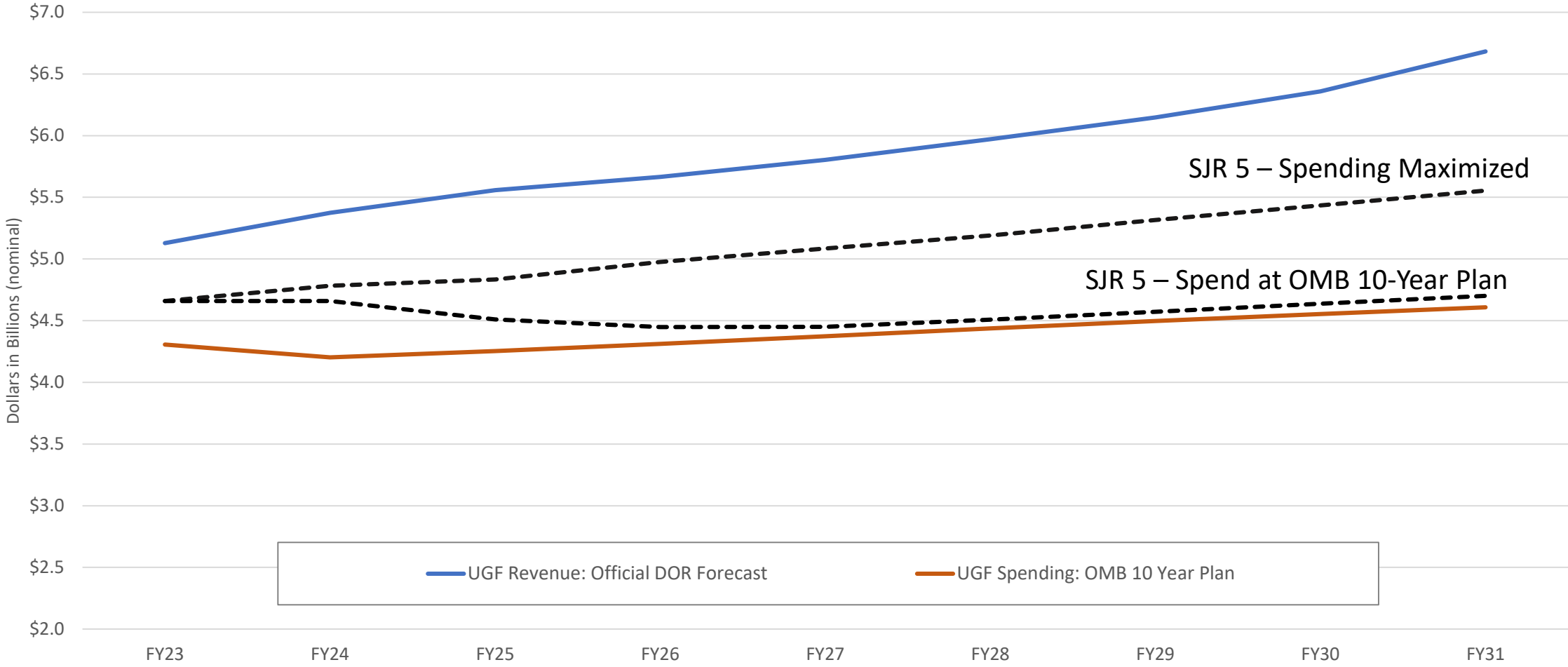
- Appropriations from CBR may be made by a majority vote if there are inadequate general fund revenues to meet expenditures

Removes general fund liability to CBR (CBR “sweep”)

Appropriation Limits: Timing Matters



SJR 5 Constitutional Appropriation Limit: Forecast



Projections assume 0.5% annual population growth and 2.25% inflation.